

Recorder of Indian Jet Found

The Associated Press

CORK, Ireland — Investigators have recovered the cockpit voice recorder of the Air-India jetliner that crashed into the Atlantic off Ireland on June 23, killing all 329 people on board, an Indian crash investigation team has announced.

The recorder is one of two "black boxes" that investigators hope will shed light on why the Boeing 747 went down without radioing a mayday call. There has been conflicting evidence on whether the crash might have been caused by a bomb.

The recorder was located Wednesday by an underwater robot and brought aboard the French vessel the *Leon Thievenin*, according to a statement issued by the team.

"It is in fairly good shape," said H.S. Khola, India's director of aviation safety.

Mr. Khola said the underwater robot, known as a Scarab submers-

ible, was sent back down immediately to search for the jumbo jet's flight data recorder, which takes continuous readings of the aircraft's key mechanical and electrical systems.

"Since we have recovered one, we are expecting the second to be close by and we are expecting to get it very soon," Mr. Khola said.

Mr. Khola said the recorders would be returned for examination to India, which is responsible for investigating the crash.

The cockpit voice recorder takes down conversation on the flight deck on a continuous-loop tape. It would also have picked up any alarms that went off before the crash.

Both it and the flight data recorder are located in the tail section of the airplane and are connected by wires to the cockpit.

Indian investigators have said an explosion on board is the most likely

ly explanation for the craft's sudden descent and the pilot's radio silence. However, Canadian crash experts helping in the inquiry have said that no evidence of a bomb or of bomb damage has been found in the debris and the bodies recovered so far.

Ken Lauterstein, the London representative of the U.S. Federal Aviation Administration, said the voice and flight data recorders are key pieces of evidence in any crash investigation.

The flight data recorder, Mr. Lauterstein said, records power settings of the engines, the course of the aircraft, altitude, airspeed and other instrument readings.

"As opposed to sounds, these are actual system settings in the aircraft. It provides a more accurate assessment of the situation of the aircraft prior to and at the time of the accident," he said.

Sheikh Says Lebanon Aim Is to Create Islamic State

By Patrick Meney

BAALBEK, Lebanon — A leader of the Islamic Hezbollah, or Party of God, has affirmed his group's allegiance to Iran and also its financial support from Iran.

He said the party's goal was to transform Lebanon into an Islamic republic, like Iran.

Sheikh Abbas Mussawi said in an interview last week that "Hezbollah's supreme leader is Imam Khomeini." He was referring to Ayatollah Ruhollah Khomeini, the Iranian fundamentalist leader.

Hezbollah guerrillas are believed to have carried out the hijacking of the TWA airliner June 14 after it left Athens, which led to the hostage crisis in Beirut.

Asked how Hezbollah was financed, the sheikh said: "The money comes mainly from Tehran."

Reporters were questioned by Iranian militants as they arrived at Baalbek, though Syrian troops were present.

On terrorism, Sheikh Mussawi said:

"Violence is justified. To be called a terrorist is an honor if violence is aimed at repelling the oppressor."

■ **Reagan Cautious on Rescue**

Leu Cannon and Al Kamen of The Washington Post reported:

President Ronald Reagan has said that the seven Americans abducted in Lebanon during the past 16 months "are being moved around quite often," and that their lives could be endangered by abrupt U.S. action.

"We must be very careful and not precipitate that threat being carried out," the president said Tuesday in a luncheon speech.

William H. Webster, the FBI director, warned that "we must keep our cool" in dealing with terrorists.

Another senior official said that President Hafiz al-Assad of Syria was the "one person" who could obtain the release.

The Americans are among 13 foreigners abducted in Lebanon.

The cautious tone of the remarks by Mr. Reagan and Mr. Webster contrasted with the president's speech Monday. Then, he accused Iran, Libya, North Korea, Cuba and Nicaragua of forming an international terrorist network "engaged in acts of war" against the United States and vowed action.

■ **Athens Complains to U.S.**

Foreign Minister Ioannis Hatzidakis said that the United States has not lifted its warning to Americans to avoid Greece. The Associated Press reported.



Iptisam Harb, 28, left, and Khaled Azrak, 20, were photographed before driving suicide-bomb cars into militia posts Tuesday in the Israeli security zone in Lebanon. The photographs were distributed by the Syrian National Socialist Party. The two belonged to the Greater Syria group.

Israeli Jets and Helicopter Gunships Raid 3 Palestinian Camps in Lebanon

The Associated Press

TRIPOLI, Lebanon — Israeli planes and helicopter gunships rocketed three Palestinian guerrilla bases near Tripoli on Wednesday, a day after two suicide car-bomb attacks took 15 lives in Israel's security zone in south Lebanon.

Palestinian sources said at least three people were killed and 29 were wounded in the Israeli raids.

Two Israeli fighter-bombers scored at least three direct hits with rockets on the headquarters of the Palestinian dissident, Colonel Sayed Musa, also known as Abu Musa, in the Nahr al-Bared camp, according to reports.

They said the jets hit a pipeline carrying crude oil from Iraq, sending up flames and a huge column of black smoke.

An Israeli military spokesman in Tel Aviv said all the aircraft returned safely. The spokesman declined to say whether the raid was

in retaliation for the suicide bombings in its security zone.

It was the seventh time this year Israel had sent its air force to strike guerrilla targets in Lebanon.

Israeli military sources in Tel Aviv, who spoke on condition they not be identified, said the guerrillas from Colonel Musa's faction have two bases in the complex six miles (9.6 kilometers) northeast of Tripoli.

Backed by helicopter gunships to suppress anti-aircraft fire, the jets also hit the Baddawi camp three miles northeast of Tripoli, Lebanon's second-largest city.

According to the Israeli military sources, the Baddawi camp was used by guerrillas from the Popular Front for the Liberation of Palestine-General Command, a Syrian-backed Palestinian faction led by a former Syrian Army captain, Ahmed Jibril.

North Korea, Iran Reply To Charge by Reagan

Compiled by Our Staff From Dispatches

TOKYO — North Korea charged Wednesday that President Ronald Reagan had "made a tacit declaration of war" against North Korea and four other countries when he referred to them as "a confederation of terrorist states."

The Foreign Ministry of Iran, a country also accused by Mr. Reagan, said that his charges were an attempt "to justify present and future aggression."

Addressing the American Bar Association on Monday, Mr. Reagan also singled out Cuba, Libya and Nicaragua as states engaged

"in acts of war against the government and people of the United States." He added that "any state which is the victim of acts of war has the right to defend itself."

The official North Korean newspaper Rodong Simun responded Wednesday that "the recent assertion of Reagan revealed a sinister design to start a brigandish armed invasion of our country and other countries, labeling them as 'terrorists.' This in fact is a tacit declaration of war against them."

A broadcast by the Iranian news agency, IRNA, monitored in London, quoted a Foreign Ministry spokesman as having said that by "dispatching American naval units to the Lebanese and Nicaraguan coasts and the Gulf as well as occupying Grenada," the United States "is trying to divert world public opinion from its own crimes."

Earlier, Cuba, Libya and Nicaragua had issued similar statements. (AP, Reuters)

'Looney Tunes,' Reagan's Phrase, Tests Translators

The Associated Press

President Ronald Reagan's denunciation Monday of terrorist nations ruled, he said, by "mafias, looney tunes and squalid criminals" produced a variety of translations around the world for "looney tunes." The term is taken from a U.S. cartoon series produced for movie theaters and now shown on television in many countries.

Some editors opted for words referring to comic-strip characters, others for "lunatic," from which "looney" is derived, and some chose "fool." Major newspapers in France ignored the expression, as did the papers of Israel and Japan. Major papers in Britain reported it without comment.

Newspapers in the Netherlands translated "looney tunes" as "strip figures," or "comic-strip figures." In Beirut, the Arabic-language daily *Al-Nahar* used the word "*majnun*," meaning "crazies."

The West German Frankfurt *Allgemeine Zeitung* used "*Geistesgestörten*," or "deranged."

The state radio of Belgium, where the cartoons are shown on television, used the English "looney tunes" in its report.

WORLD BRIEFS

Soviet Denies Space Arms Concession

GENEVA (NYT) — Soviet negotiators said Wednesday that reports indicating willingness by Moscow to accept an arms treaty allowing research on space defense were "incorrect."

A statement, issued by Valeri Artyemey, an adviser to the Soviet team at arms talks in Geneva, referred to newspaper reports suggesting that Moscow had softened its intransigence toward research on the U.S. Strategic Defense Initiative, designed to provide a space shield against Soviet missiles.

He said that a report in *The New York Times* and "articles and reports of a similar content which appeared in other newspapers, do not reflect the actual state of affairs at the negotiations." Asked to explain further, Mr. Artyemey invoked a confidentiality agreement between the two sides and said: "It means, the thing I referred to is incorrect."

Administration officials were quoted Monday as saying that members of the Soviet delegation had approached U.S. negotiators informally two weeks ago to say that Moscow would no longer seek to ban research, but could delineate between allowing laboratory and scientific research and banning development and testing.

Sri Lanka to Free 643, Lift Curfew

COLOMBO, Sri Lanka (AP) — The government said Wednesday that it would release 643 of 1,197 Tamils being held as rebels and would immediately lift the night curfew in force in five northern districts.

Both measures appeared to indicate progress at the peace talks that began Monday in the Himalayan kingdom of Bhutan between representatives of the Colombo government and Tamil separatists.

Sri Lanka's information minister, Ananda Tissa de Alwis, said, "The talks are proceeding well. No one expects finality, but a very useful understanding will be reached, narrowing differences so that both sides can see their way to a solution."

11,000 Women Attend Rights Forum

NAIROBI (AP) — A meeting prefacing the official end of the United Nations Decade for Women opened Wednesday, with 11,000 women from 150 countries present and an official of the host country urging females to overcome barriers that stand in the way of full equality.

Kenneth Matiba, Kenya's minister of culture and social services, opened the meeting with an expression of male identity with the women's struggle, saying, "We, the women of the world, shall overcome."

Organizers said the meeting, called Forum '85, was held to assess the progress during the UN's Decade for Women and to determine what still needed to be done. It will overlap a 12-day UN World Conference on Women, which opens Monday in Nairobi.

U.S. Report Warns of Old Medicines

WASHINGTON (LAT) — The federal government has "lost control" of prescription drug sales and may no longer be able to assure their safety because pharmaceuticals are being distributed at discount prices through a thriving submarket, according to a House subcommittee report released Wednesday.

"Consumers can no longer purchase prescription drugs with the certainty that the products are safe and effective," said the report, prompted by the discovery last year of subpotent birth control pills in at least 12 states.

The report said that nonprofit hospitals, which receive huge discounts from drug manufacturers, buy more pharmaceuticals than they need and sell the excess to illegal distributors, known as diversers. Diversers sell the supplies to legitimate wholesalers who offer the merchandise to pharmacies at a discounted price.

3 Sentenced in U.K. Smuggling Plot

BIRMINGHAM, England (AP) — Three British businessmen have been sentenced to prison after being convicted of plotting to smuggle mainly U.S.-made military components to South Africa in violation of an international arms embargo.

Michael Gardiner, 56, a hotelier and property developer, was sentenced to 15 months in prison and fined £100,000 (about \$136,500 dollars). Judge William Mays-Jones called him the mastermind of "an extensive, profitable and well-organized undercover operation."

Derek Salt, 61, and Malcolm Bird, 49, were convicted in Birmingham Crown Court of conspiring to violate the 1977 United Nations embargo on arms shipments to South Africa. Mr. Salt was sentenced to jail for 10 months and fined £25,000, and Mr. Bird was sentenced to three months.

For the Record

Photo Cam, an alternate member of Albania's Politburo, was appointed to the Central Committee secretariat at a two-day meeting of the Communist Party's Central Committee, the state press agency, ATA, reported Wednesday.

Three armed men kidnapped a 65-year-old landowner Wednesday near the northern Spanish Basque town of San Sebastian, officials said. No ransom demand or claim of responsibility had been made, but officials did not rule out the possibility that Basque separatists staged the abduction.

The Texas Supreme Court upheld Wednesday a state rule barring high school students from sports or other extracurricular activities if they are failing any course.

Explosions shook the Greenpeace protest vessel *Rainbow Warrior* on Wednesday in Auckland, New Zealand. One person was missing after the ship's hull apparently was torn open below the waterline.

Abdenour Ali Yalila, an attorney in Algiers and president of the newly formed Algerian League for the Right of Man, has been arrested by security police, his family said Wednesday. They said they did not know where or on what charges he was being held.

Satellite Dish Faces Hassles

(Continued from Page 1)

Terry Emerson, Mr. Goldwater's legislative counsel and the chief architect of the protective legislation, said, "We began with the stance that 'if you want to let a signal drop on my property, I have a right to look at it.'"

When legal battles have arisen they have been over economically valuable territory.

The National Football League became distressed about what it called the raiding of television images by satellite users when several Miami bar owners charged admission for blacked-out telecasts of the local Dolphins. The league has hired a Washington law firm and received a permanent injunction against that use.

Dishes have a reach that goes beyond broadcasting. When the American Telephone & Telegraph Co., for one, transmits a video business conference from one city to another, it has to scramble the signal to make it secure.

"The kind of information that is confidential," said Peter de Theys, an AT&T marketing manager, "is encrypted and then decoded at the far end so that the video equivalent of computer hackers can't get it."

Generally, however, dish owners are neither corporate spies nor voyeurs; they have just found out how to see more.

The third major problem brought about by the proliferation of dishes is on the environmental front. Antennas on local rooftops and in backyards have given rise to an onslaught of zoning regulations for aesthetic reasons.

In response, dish owners have organized and successfully lobbied both for federal legislation they want and for proposed rules from the Federal Communications Commission that would "pre-empt" zoning ordinances by showing that they discriminate against dish owners' right to receive.

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Stockman Resignation Viewed With Regret; Timing Attacked

By Sandra Salmons
New York Times Service

NEW YORK — Congressional leaders, economists and members of the financial community have expressed sharp regret over David A. Stockman's departure as fiscal director, announced Tuesday by the White House. They have voiced concern that his outspoken advocacy of reduced budget deficits and higher taxes might not be heard during the remainder of the Reagan term.

"It's a real loss," said Willard C. Butcher, chief executive of the Chase Manhattan Bank. "There is no one in Washington who knows the numbers as well, and no one who has had a greater dedication to closing the budget deficit gap while, after all, is the primary economic imperative facing our nation."

Some suggested that Mr. Stockman's departure as director of the Office of Management and Budget, effective Aug. 1, would have no effect on negotiations on the fiscal 1986 budget.

"Whatever is going to happen in budget is already in process," said Allen Sinai, chief economist for Shearson Lehman Brothers. "The bottom line is that Reagan wants to see a significant deficit reduction this year, so there will be one."

But conferees from the House of Representatives and Senate have been unable to reach an agreement on a budget plan for the next fiscal year. Representative William H. Gray 3d of Pennsylvania, the Democratic chairman of the House budget committee, said he was

"shocked" at the timing of the resignation. He called it "a serious blow to the process," which could "slow down the reaching of a compromise and breaking the logjam."

There was general agreement that Mr. Stockman's loss would be keenly felt in future budget negotiations, Mr. Sinai said.

"Stockman's influence has been greater than most as he has been in command more than most budget directors," he said. "He's been the major force for cutting the non-defense budget in both terms."

Mr. Reagan is out in front on cutting the budget deficit, it's due to people like Stockman.

Salim B. Lewis of the brokerage firm that bears his name, said that one reason the news had negligible impact in financial markets late Tuesday was that there had been widespread rumors for months that Mr. Stockman would leave the administration this summer.

"We heard as early as January that by June he'd be out," Mr. Lewis said.

Another reason, according to David Jones, chief economist for Aubrey G. Lunsford & Co., a government securities brokerage, is that there is a perception that Mr. Stockman's influence inside the administration had waned recently.

"The more powerful personalities in negotiations are Don Regan and James Baker," Mr. Jones said. Mr. Regan is the president's chief of staff and Mr. Baker is the Treasury secretary.

Whatever his impact on the budget, Mr. Stockman was considered

to have an extraordinary grasp of the details.

"Stockman was the best budget director since the Office of Management and Budget began," said Alan Greenspan, of Townsend-Greenspan, who headed the Council of Economic Advisers in the Ford administration. "His unique knowledge of the details of the budget process, of political implications and practicality will be exceptionally difficult if not impossible to replace."

As for the timing of the decision, Larry Speakes, the chief White House spokesman, said Tuesday: "Dave took the decision to leave the first of August because August is the month that closes one budget cycle and basically begins another, which starts September 1. He thought the president should have a two-month period to select a successor."

Privately, Mr. Stockman has told White House officials and others that he wanted to leave partly because he was drained and partly because he wanted to earn more money after his first child was born in May.

Mr. Stockman now is paid \$75,000 a year. As one of 88 managing directors at the New York investment banking firm of Salomon Brothers, his salary may range between \$100,000 to \$200,000 a year.

But he will probably receive far more in bonuses. In some cases, senior officers make more than \$1 million.

Job Candidates Listed
According to the Washington Post, administration officials listed



David A. Stockman

Tuesday some possible replacements for Mr. Stockman.

The list includes, but may not be limited to: Drew Lewis, the former transportation secretary who is now chief executive officer for Warner-Ames; Malcolm Baldrige, the secretary of commerce; Richard G. Darman, deputy secretary of the Treasury; and Alton Keel, associate director of the budget office for national security and international affairs.

Mr. Keel is believed to have been recommended by Mr. Stockman to be his replacement.

Mr. Darman, whom a Treasury spokesman said was "not interested" in the job, is considered highly qualified but likely to encounter conservative opposition on Capitol Hill.

Mr. Baldrige has made it known he wants the job but is not believed to have the favor of Mr. Regan and other high officials. Mr. Lewis, who was unavailable for comment Tuesday, would probably be a popular choice on Capitol Hill.

U.S. Senate Acts to Ease Gun Restrictions

By Steven V. Roberts
New York Times Service

WASHINGTON — The Senate has decisively approved an overhaul of U.S. gun-control laws that would generally make it easier for Americans to buy, sell and transport firearms.

The main change in the legislation, approved Tuesday, would make it legal to buy a gun outside a purchaser's home state, as long as the purchaser had a face-to-face meeting with the dealer and the transaction did not violate state law. Most interstate purchases are now prohibited.

The measure also would guarantee gun owners the right to carry weapons across state lines as long as they were kept unloaded and in a place without easy access, such as a car trunk.

Other provisions would make it more difficult for federal law-enforcement agents to inspect gun dealerships and more difficult to prove that both dealers and buyers had violated gun-control statutes.

The 79-15 vote in favor of the bill threatened to filibuster against it but then dropped their plans after sponsors agreed to accept several compromise amendments that softened the impact of the bill on existing law.

In addition, the sponsors accepted a provision, long sought by gun-control advocates, that would ban the importation of parts used in small pistols. Importing an assembled pistol, the most frequently used weapon used in violent crime, is already barred under current law.

According to statistics provided by Handgun Control, a Washington lobbying group that had worked hard to defeat the Senate bill, handguns were used to kill 9,014 people in 1983.

Fewer Firearms Sold
James Brooke of The New York Times reported from New Haven, Connecticut: Americans are buying far fewer new firearms in the 1980s than they did in the 1960s and 1970s, according to statistics provided by gun dealers and manufacturers and the U.S. government.

Declining crime rates, shrinking space for hunting, tighter gun-control laws, economic hard times for blue-collar workers and a waning interest by young people in hunting and target shooting are among the reasons cited by gun dealers and manufacturers for the slowdown.

Rifle production in the United States is at half the level of a decade ago, and handgun production has fallen by about one-quarter since 1982, according to the U.S. Bureau of Alcohol, Tobacco and Firearms. Imports have remained largely constant over the decade.

According to the bureau, 1 million rifles were made in the United States in 1983, compared with 2.1 million in 1974. Handgun production rose steadily through the 1970s, peaked in 1982 at 2.6 million, then dropped to 2 million in 1983. Figures for the first half of 1984 indicate that production has remained stagnant.

"We believe the youth of today aren't really gun-oriented," said Tony Warren, general manager of Continental Arms Corp., a gun dealer in Manhattan. Mr. Warren said his sales of handguns had been cut in half since 1980.

Despite the drop in production, officials noted, about 75 million rifles, pistols and shotguns have been made in the United States since 1970. Because of the long life of guns, most of these are still in use.

Senate opponents of the bill threatened to filibuster against it but then dropped their plans after sponsors agreed to accept several compromise amendments that softened the impact of the bill on existing law.

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How to Prolong the Oil Glut

With petroleum prices tumbling, the Organization of Petroleum Exporting Countries is reduced to a quarrelsome club of cousins, each trying to avoid the lunch check. But the temptation to go to sleep should be resisted. Oil gluts have happened before. The price of prolonging the present one is careful planning.

OPEC's current woes, while difficult to predict five years ago, are easily explained. Though the oil exporters claim to be a cartel that can set prices and enforce them by controlling production, they have never achieved the necessary discipline. Most have always exported as much oil as possible. Only Saudi Arabia has significantly affected the price because it alone has enough production capacity and surplus wealth to adjust its output.

It was easy for Saudi Arabia to manage the cartel at the pre-1979 price of about \$15 a barrel. But at \$25 to \$35 the demand fell far below potential supply, and even Saudi restraint could not hold the price. After peaking at 14 million barrels a day during the Iranian revolution, Saudi production steadily declined to a current level of a mere 2 million barrels. And an annual Saudi trade surplus of \$70 billion has plummeted to an unsustainable deficit of \$20 billion. Any further reduction in oil production would thus have to come at the expense of other exporters, whose discord guarantees more years of sluggish oil prices.

So why not yield to the temptation to sit back and enjoy OPEC's travail? Because as prices fall to the predicted \$20 a barrel, the supply-and-demand gap will narrow and, probably within a decade, the Saudis will be back in the driver's seat.

One good way to postpone that day of reckoning would be to speed up America's stockpiling of oil in a strategic reserve. No conceivable amount of stockpiling could match the Saudi reserves or replace Saudi production for very long. But a much larger reserve could effectively blunt any threat of political blackmail. An even better response would combine conservation in the United States with a long-term effort to encourage investment in new sources of oil worldwide.

Shortsightedly, none of these measures are being seriously planned. Purchases for the oil reserve are being cut back to save money. Washington yawns at the notion of subsidizing the development of oil resources in Latin America and Africa. And even though the inflation-adjusted price of oil is now 40 percent lower than it was in 1981, conservation taxes are dismissed as politically unacceptable.

When the Saudis can again afford to reduce their production and resume paying for OPEC lunches, do not blame some mean cartel. Remember this moment and blame ourselves.

—THE NEW YORK TIMES

Zimbabwe Is Still Special

Zimbabwe's ethnic majority, the Shona-speaking tribes, have now given a strong vote of confidence in a free election to Prime Minister Robert Mugabe. Meanwhile the country's minorities, the Ndebele-speakers and the whites, have celebrated their constitutional rights by electing representatives Mr. Mugabe finds distasteful. Such freedom is rare in Africa, and is one of Zimbabwe's special strengths.

Yet Mr. Mugabe, who began his term as an apostle of reconciliation, now vents frustration at any support for his opponents and speaks of soon turning Zimbabwe into a one-party state. Mobs of his supporters are again attacking Ndebele-speaking opponents. A once pragmatic politician seems to have lost sight of pluralism's practical advantages. The course he preaches has brought weakness and turmoil to many neighboring states.

Nation-building in Africa has been encumbered by arbitrary boundaries drawn in colonial times, mixing often antagonistic tribal

groups into a single polity. This virtually guaranteed the post-independence struggles for political and economic domination.

Zimbabwe's struggles have so far been mediated through the ballot box. As power flowed from the whites toward the Shona, mostly bypassing the Ndebele, there has been bitterness and occasional violence and repression. But violence has been contained and the economy has been spared significant disruption. This may not have been the case if minority groups had been shut out.

The British- brokered constitutional compromise that ended a low-level guerrilla war has now run half its 10-year term. The Mugabe government still demonstrably lacks the full confidence of minority voters. Yet Mr. Mugabe strongly hints he may scrap the constitution years ahead of schedule. "The Western world can say what it wants," he declares. Undoubtedly. But what of his fellow citizens?

—THE NEW YORK TIMES

Well Done, David Stockman

David Stockman's career as President Ronald Reagan's budget director was most notable not for the clear-cutting he tried to do in the federal forest, but for a kind of intellectual and moral integrity that is rarely found in national public life, and that any administration would be lucky to have. There is irony here, because Mr. Stockman's most famous moments were those he spent in or uncomfortably near the president's woodshed, when it turned out he had said very different things about policy in private from those he was spouting in public. Both inside and outside the administration, for opposite reasons, he lost some credibility in these affairs. But in the end he gained. Mr. Stockman has been one of the important truth-tellers in this administration. It is a tribute to Mr. Reagan, to whom a considerable part of that sometimes unpleasant truth was told, that he kept Mr. Stockman on.

There has always been a tension within the administration between two economic camps, the more ideological and the more conventional, the supply-siders and the budget-balancers. Mr. Stockman, a lover of theory, sounded at first as if he might be one of the former. But the budget job has its own imperatives. Mr. Stockman became a voice of relative moderation within the administration on both the

defense buildup and taxes. As the deficit soared he pressed for less of the one and more of the other. He mostly lost these arguments, and in that bottom-line sense his tenure has been, if not disastrous, then surely paradoxical. His years of celebrated budget-cutting were years when the government seemed truly to lose control of the budget. But Mr. Stockman was budget director, not president.

On domestic programs, Mr. Stockman said in his first year in office that the administration would be evenhanded and cut programs of benefit to business and the middle class no less than those benefiting the poor. But it was not evenhanded: The poor were hurt most.

In this most recent budget, however, Mr. Stockman came to where he said he would be. His goal has been where possible to extract the government not just from social equations but also from the economy. The current budget would do that — at the considerable risk of offending some of the building blocks of any future Republican majority: farmers, military retirees, the great mass of middle-class parents with children in or near college.

We have often taken issue with Mr. Stockman. But we have deep respect for the manner in which he has served the president.

—THE WASHINGTON POST

Other Opinion

A Welcome Step by Vietnam

Vietnam's sudden decision to return the remains of 26 U.S. servicemen missing in action is at once a hopeful diplomatic sign and a perverse proof that Hanoi has been toying with American emotions for a long, long time. Each time in the past that Vietnam has released the remains of much smaller numbers of MIAs, it has insisted unconvincingly that it knew of no others. Now the pretense is gone. Vietnam last week announced that in the next

two years it wants to clear up questions concerning more than 2,400 servicemen the United States still lists as missing.

Welcome as this step may be, it does not address the emigration of up to 10,000 Vietnamese who allied themselves with the United States during the war and were subsequently sent to "re-education" camps by victorious Communist forces. Nor does it deal with many thousands of Amerasian children America is prepared to admit, along with their mothers.

—THE BALTIMORE SUN

FROM OUR JULY 11 PAGES, 75 AND 50 YEARS AGO

1910: Aviator Soars to New Record
NEW YORK — Mr. Walter Brookings, in a Wright airplane, made what is asserted to be a new record for high flights at Atlantic City [on July 9]. It was announced that he had reached an altitude of 6,175 feet. The aviator remained in the air an hour and two minutes, making circles more than two miles in diameter, going higher and higher and arousing the enthusiasm of many thousands of persons on the Boardwalk. Mr. Brookings made the descent in seven minutes. His gasoline gave out and the motor stopped when he was 5,600 feet high, with the ocean directly under him. His descent was then made in a series of circular glides, finishing with sharp swerving, which the spectators took for a final act of daring, but which really was the only move that could have saved the aviator from dashing into the ocean.

1935: Call for Irish Republic Rejected
LONDON — The British government's refusal to agree to the Irish Free State's becoming a republic and then acknowledging the King for certain external affairs was announced by J.H. Thomas, the Dominions Secretary, during a debate on Anglo-Irish affairs in the House of Commons [on July 10]. After recalling President Eamon de Valera's recent reference to King George as "a foreign king," Mr. Thomas said: "It is no good mincing matters. If you were prepared to accept all the privileges and advantages of the British Commonwealth of Nations, then that must carry with it all obligations and responsibilities. Mr. de Valera's views are well known to me. I can summarize them in a sentence. He said: 'First we must be a republic, but for certain external affairs, we would be prepared to recognize your King.'"



Why SDI Will Help to Create a Safer World

By Caspar W. Weinberger

The writer is U.S. Secretary of Defense.

WASHINGTON — In a few weeks the world will pause to remember the birth of the Atomic Age. Many will wonder whether the fearful shadow cast by nuclear weapons can ever be lifted.

There is cause for hope. Two years ago President Ronald Reagan offered a bold new vision for peace. We call it the Strategic Defense Initiative. The SDI is aimed at exploring innovative ideas for effective, non-nuclear defenses against ballistic missiles.

As with many visionary ideas, the SDI has stirred resistance. However, we are convinced that Americans largely support the president's vision.

One of the more puzzling aspects of the criticism is its "can't do" tone, as if the critics have forgotten how often U.S. science has surmounted seemingly impossible challenges.

The argument, much of it misinformed, has tended to obscure SDI's basic purpose. It provides for the research to enable the president and Congress to decide whether to proceed with the deployment of a reliable defense against ballistic missiles. This research goal can and will be met without violating the treaty governing anti-ballistic missiles.

During the 1970s some people held an illusionary belief that the Russians might accept what Henry A. Kissinger has called "the historically contributing theory that vulnerability contributed to peace, and invulnerability contributed to the risks of war." However, since the signing of the ABM treaty in 1972, the Soviet Union has spent roughly as much on all forms of strategic defense as it has on its huge offensive program. The Soviets have built more than a half-dozen major laser research and development facilities and test ranges. More than 10,000 Soviet scientists and engineers are associated with laser development alone.

In the aggregate, Soviet defensive activities suggest that the Soviet Union may be preparing to break out of the ABM treaty by establishing an ABM defense of its territory — even as it claims that our research program is destabilizing and must be stopped.

In contrast, the United States, to date, has done only minimal research in the field since the ABM treaty was signed. We need to accelerate our research, and base it on these beliefs:

• Uncertainty enhances deterrence. An effective strategic defense would cause an enemy to think twice before risking nuclear aggression, because it would increase enormously the uncertainty of achieving a successful disarming attack. An effective U.S. defense would not have to be leak-proof to create this uncertainty.

• Avoidance of technological surprise. It would serve as a hedge against being surprised by a Soviet breakthrough in advanced defense technologies. Such a breakthrough would seriously tilt the balance against us and put us at great risk.

• A prudent hedge against possible major Soviet defense deployment. In the near term our research program represents a wise investment against the possibility of a breakout of the ABM treaty by the Russians. With knowledge of the state of our research program, they might decide against deployment of advanced de-

fenses. This is especially important because the Soviet Union already has violated the ABM treaty in ways that imply an intention to expand its strategic defense system.

• Protection against accidents. Strategic defense could be an additional "insurance policy" against the

offensive arms reductions. The deeper the arms reductions, the greater the danger posed by Soviet non-compliance. Strategic defenses could reduce this danger. We cannot ignore the many Soviet violations of agreements that they have signed in the past.

• Policing a nuclear-disarmed

world. In the absence of an adequate defense it is unlikely that any American president would sign a comprehensive nuclear disarmament treaty, or that the U.S. Senate would ratify such a treaty. Nuclear disarmament is a distant goal, but one that we should not foreclose.

From the very outset we have stressed that strategic defense and arms reductions could and should work together, each making the other more effective. This administration shares with its allies the desire for

meaningful nuclear-arms reductions, not pseudo arms-control agreements that codify enormous increases. We still hold this belief.

Arms reductions and strategic defenses could provide a basis for a new American relationship with the Soviet Union. Together, our governments share the common goal of avoiding nuclear war. The Russians already have cooperated with us in certain ways to reduce the risks of nuclear catastrophe. We have agreed to upgrade the hotline. We are in essential agreement on non-proliferation policy. We both exercise great caution about nuclear arms in many important ways. It should be possible to work with the Soviet Union to create an arrangement that offers more safety to both our societies and to allies.

The long-term aim of the Strategic Defense Initiative is to determine whether we can move from exclusive reliance on the threat of nuclear retaliation, toward greater reliance on, and deployment of, defensive systems. Such systems would save lives, not threaten them. The plan involves a visionary, moral quest.

Los Angeles Times

Moscow Wants to End Arms Race, Too

By Seweryn Bialer

This is the third of three articles.

NEW YORK — Of the three goals of Mikhail S. Gorbachev's emerging foreign and security policy — stiffening the Soviet image abroad, harassing the United States and obtaining an arms control agreement — the third should be of the greatest importance to the West. I believe that the new Soviet leadership is deeply interested in avoiding a new major cycle of the unending arms race.

Mr. Gorbachev understands the uniqueness of the present moment in the international security situation, in which both superpowers are poised for new arms competition. We are at the point where the momentum of major technological advances threatens to take charge of nuclear strategies and long-range security policies.

We are also reaching a stage in the development of new weapons, particularly space-based systems and cruise missiles, where the essential principle for arms control — verifiability of agreements reached — may become extremely difficult if not impossible.

Mr. Gorbachev's interest in reaching a comprehensive arms control agreement is dictated by the domestic economic and social consequences of an escalating arms race. The relative costs of a new cycle in the arms race will be much higher than in the 1970s.

The burdens of sharply increased military expenditures will significantly affect Soviet plans for industrial modernization. They will make all but impossible an increase in Soviet living standards, a necessary ingredient for higher productivity.

The extremely sophisticated technology involved in America's proposed Strategic Defense Initiative will put the Soviet Union at a clear disadvantage and require heroic efforts for a continuous catch-up race.

Does it seem likely or even possible that the United States will be inclined to turn away from the SDI if the

Soviet Union is pursuing an aggressive foreign policy elsewhere? A Soviet effort to pursue both an arms control agreement and an aggressive foreign policy elsewhere is reminiscent of the Soviet policies of the 1970s that ended détente.

Mr. Gorbachev may believe that he needs to demonstrate Soviet strength in order to drive a successful bargain with the United States. That view may be a tragic misunderstanding of how the United States regards the Soviet Union. If Mr. Gorbachev succeeds only in arousing American distrust, will he be able to back away from an aggressive policy in order to pursue arms control?

Or will he then decide that moderating an aggressive policy signals a fatal weakness on his part?

How he proceeds may depend in large measure on the progress made in Geneva. The Soviet Union will continue trying to achieve a deal that will be most advantageous to itself. But such a deal does not have to be disadvantageous to America.

The United States has two choices for enhancing its security. The first is to press for mutual, drastic, verifiable and equitable reductions of offensive weapons. The second is to press on with unilateral plans for missile defense, the "star wars" program.

The first choice is better-suited to achieve the key goals of arms control — to deny either power the capability to launch a first strike; to build stability into the Soviet-American strategic balance; and to establish a new balance based on finite deterrence, that is, the minimum forces necessary to deter the other side from attacking.

Despite the good intentions that may be behind it, the SDI will desta-

bilize the military situation. Before rejecting the first choice, America should at least explore patiently the extent of concessions that Mr. Gorbachev would be willing to make to avoid a new arms race.

Of course the United States has to oppose the first and second goals of Mr. Gorbachev's foreign policy — for example, the hard line in Eastern Europe and exploitation of American vulnerabilities in the international arena. Yet the United States should keep an open mind with regard to Mr. Gorbachev's clear desire to prevent a new arms race spiral. To reach an agreement with the Soviets on the comprehensive reduction and equitable balance of offensive weapons is in the interests of both the United States and the Soviet Union. But it is uncertain if arms control can be unlinked from the general foreign policies of the two superpowers.

Five months from now President Ronald Reagan and Mr. Gorbachev will meet in Geneva. This summit meeting may improve the atmosphere of Soviet-American relations and prevent their further deterioration. There are, however, very few items of the current international situation about which both sides can agree.

The past decade has pointed up the basic irreconcilability of Soviet and American global interests. In this situation, the arms control negotiations have to carry almost the entire weight of improvement of Soviet-American relations and of the management of the conflict away from disastrous confrontations. We have to hope that at the November summit both sides will seriously and with an open mind explore ways to break the stalemate of the Geneva arms negotiations.

The writer is professor of political science at Columbia University. He contributed this to The Washington Post.

Optimism On Debt Is Premature

By Hobart Rowen

WASHINGTON — The conventional wisdom about Third World debt is that the crisis is over, and future problems are "manageable." But there are some warning signals that this may be too reassuring an appraisal. What John H. Makin of the American Enterprise Institute calls a "remission" of the problem applies only to the "Big Four" Latin American debtors — namely Mexico, Venezuela, Brazil and, hopefully, Argentina.

In any event, to speak of a "global" Third World debt problem is misleading. The problems vary widely. Thus, the Philippines is on the verge of collapse, with a credit rating next to zero, and a \$26-billion debt.

Another disaster area is sub-Saharan Africa, which will not have the money to pay back \$2 billion of loans from the International Monetary Fund in the next couple of years.

And in Latin America, once you get past the Big Four, it is altogether a different ball game. As a development aid expert, Christine A. Bogdanowicz-Bindert points out, smaller countries such as Bolivia, Peru and Nicaragua for all practical purposes have already defaulted on their debt; and others, such as Chile, Jamaica, and the Dominican Republic, are rife with political and social turmoil.

As she goes on to say in a study for the Overseas Development Council, these problems have been ignored by U.S. commercial banks because they have bigger fish to fry, trying to protect their investments in the Big Four.

Meanwhile, the relatively better outlook in the Big Four is fragile. In part, the 1984 improvement can be traced to a sharp cut in their imports (at the behest of the IMF) and a strong American economy that sucked in their exports. That situation is changing. U.S. economic expansion has slowed, and Third World exports are again slipping.

Another straw in the wind is the unchallenged fact that the "success" stories, like Mexico, have been built on their ability to reduce balance-of-payments deficits. But they have been notoriously deficient in improving their domestic economies. Necessary economic growth has been halted. Mexico will have added troubles as a result of sliding world oil prices.

The IMF's managing director, Jacques de Larosiere, likes to point out that overall, the aggregate balance-of-payments deficits of Third World countries have been shaved from \$110 billion a year in the early 1980s to less than \$40 billion last year.

That shows, he says, how successful the "adjustment programs" — a euphemism for belt-tightening and fiscal reform required by the IMF — have been. There is no doubt that this is a spectacular result, but it has been achieved mostly at the expense of the local standard of living. The Bank for International Settlements in Basel, Switzerland, noted in its recent annual report, "They now need to bring domestic inflation under control, and to restore domestic interest rates to levels that are positive in real terms."

That will take some considerable skill by everyone involved in rescheduling the buildup of maturing loans in the next five years. It will also take a major reversal of the protectionist trends in industrial nations that blocks poor countries' exports.

Henry A. Kissinger was suggested an ambitious plan for a new Development Institution that would borrow money in world capital markets for lending to Latin American countries at low rates. The international financial establishment is always dubious about new ideas, but a re-examination of the many debt problems is clearly in the United States' self-interest. Roger A. Sedo of Resources for the Future, a nonprofit research group, has pointed out that to stave off major defaults the United States will have to let debtor countries run trade surpluses indefinitely. That is the only way they can service their debt. But continuing Third World surpluses require a steady run of U.S. trade deficits.

Meanwhile, what should be done about the IMF austerity demands, especially insistence on basic reforms in a very short time span? The charge that the IMF is recklessly austere angers Mr. de Larosiere. His response is that the real trouble is not the loan conditions, but the economic excesses which got many of these countries into trouble.

But hostility in the Third World to the IMF is a fact of life, and it will have to be dealt with. An internationally respected central banker thinks that the IMF could show more flexibility, and get away from a fixed formula to be applied to every country. "Because there are an international institution, the pressure in their executive board is that what's good for country A is good for country B. The IMF has a little cookie cutter that they apply to every country — O.K., you've got to devalue, you've got to restrain the money supply, you've got to reduce the deficit, and so on. They go by the book."

The Washington Post

LETTER

No More Hunches, Please

In "Gromyko and His Memories Still Haunt the Kremlin" (July 8), James Reston writes that there is "some evidence . . . that Mr. Gorbachev and Mr. Reagan may want to begin 'concentrating on the future, rather than listening to some of their advisers.' " It may be worthwhile to remember that in his dealings with Joseph Stalin, Franklin D. Roosevelt preferred to follow his "hunches" than to listen to the most experienced advice. Up till today we in the West are still suffering from those hunches. I am keeping my fingers crossed.

W.K. ROOS

Geneva

Did Television Hold the World Hostage in Beirut?

By Tom Wicker

NEW YORK — Back in the 1950s, someone coined the term "pseudo event" to describe happenings contrived solely to appear on television. Pseudo events, in this usage, would not have happened had there been no cameras available to film them. But 30 years later, it is the other way around: Events outside our private lives lack a certain reality and become pseudo events if they do not appear on television.

In the United States, television has become the national nervous system — and satellites are making it an international nervous system. What most Americans knew of last year's presidential campaign was what they saw on television; and how much reality would fade in Ethiopia have in Middletown, Connecticut, if not televised.

The ubiquity of television and the consequent dependence of viewers has been lost sight of in the Beirut hostage crisis. So has the distinction between television and television journalism. The latter, like print journalism, has plenty to answer for, owing mostly to it being an intensely competitive business, perpetuated by fallible human beings for a demanding audience.

In the latest hostage crisis, for example, the overabundance of filmed interviews with grieving hostage families and the minuscule repetition of that awful television inquiry, "How does it feel?" (to be a hostage, to be freed, to be threatened, not to be threatened, ad infinitum) exemplified unintelligent journalism.

On the other hand, the audience does not necessarily know what restraints journalism, television or print, may be imposing on itself.



Lou Cannon of The Washington Post has pointed out that the press did not report that one hostage was a member of the National Security Agency, which would have endangered him, or that — as some reporters were privately informed — the Reagan administration did not expect to succeed in its demand for the release of seven hostages taken before the hijacking of Flight 847 from Athens airport.

The most serious charge is not really against television journalism, but against television itself. Some commentators and officials say that television should have been barred from the Beirut airport and other important locales, that the hostages were only taken so that their captors could parade their cause in American living rooms, and that television aided that cause and

interfered with negotiations. But banning television, not just American but that of other countries, would hardly be practical; and anyway, that is frustration speaking and in search of something, or someone, to blame.

Those Amal spokesmen may have enjoyed their television exposure and taken advantage of it, but that was only one aspect of this non-pseudo event aimed at freeing prisoners in Israel.

Would the two fanatics who hijacked the TWA plane have left it alone had they thought there would be no television coverage? Unlikely.

Would the Flight 874 hostages have been released sooner had the cameras been absent? It is more likely that the presence of television, commanding worldwide attention, kept their captors talking and prevented more of the hostages from meeting the terrible fate of Robert Stethem.

Was television "used" by Amal? Of course, just as it is used all the time by the Reagan administration for its own purposes. Did Shiite propaganda threaten U.S. security? The question insults the intelligence of Americans.

But the real reason that television (not always television journalism) was properly present in Beirut, even at those bizarre "news conferences," is just that television exists; it has become a condition of being. It may on occasion be inconvenient, intrusive, even harmful. But if because of government censorship or network self-censorship the hostage crisis had not been visible, real, on American screens, the outrage and outcry would have been a thousand times louder than what is now being heard, and rightly so. For we depend on television for perception as we depend on air for breath. And that is the way it is.

The New York Times

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Central Asia Caught Between Exotic Past And Soviet Present

By Serge Schmemmann

New York Times Service

BUKHARA, U.S.S.R. — The mud walls, marketplace and grand mosques speak of exotic Asia, but the street names tell a Soviet story. The domed market of Taki-Sarrafon, where turbaned Uzbek money changers did business in ages past, now stands at the intersection of Lenin and Soviet streets.

Near the Iranian frontier in Ashkhabad, the Soviet Union's hottest city, the last spring dizzies have long ended and a brutal white sun bakes the pavement. But the standard-issue slogan on the Young Pioneer Palace proclaims, "Let there always be sunshine."

In the desert outside the city, Volga sedans are seen beside one-way streets, once the desert's primary means of transportation but now kept for their fur and milk. Bukhara, in the Central Asian republic of Uzbekistan, is representative of the Soviet Union's deep south, its third world, its exotic Orient, a sun-parched land that seems to be the antithesis of the frozen Siberian swamps to the north. If vast tracts of Siberia are barely known to humanity, here the traces and tracks of conquerors, kings and great civilizations litter the land.

Alexander the Great, Genghis Khan, Tamerlane and Marco Polo passed through history here, and the richly varied tongues and features of Turkmen, Uzbeks, Tadzhiks, Kazakhs and other Asian people bear witness to nomadic migrations and invasions.

But the land is unmistakably part of the Soviet Union now. The great mosaic-encrusted mosques are largely in disuse, and they are almost rivalled in glitter by Tashkent's chandelied subway stations and the marble Palace of the Friendship of Peoples.

The nomads have abandoned their tents for apartment houses. Antennas tower over the ancient skyline of domes and minarets. At the end of a week-long tour of Central Asia it seems almost inevitable to hear that the last call from the great 850-year-old Kalyan-Minare, from which muezzins used to summon the faithful to prayer and from which criminals were cast to their death, was the proclamation of Soviet power.

If Soviet power seems at times to intrude less than gently on an ancient culture, its accomplishments are undeniably impressive. Of all the many parts of the Soviet empire, it may well be Central Asia that has had the longest social and economic leaps under Russian and Communist rule.

Central Asia may trail European Russia in development. Yet unlike Soviet Europeans, who tend to measure their life against that of people in the West, the Muslims of Central Asia more frequently compare their lot with that of kindred tribes and peoples to the south. And they often find that in contrast

to Iranians, Afghans or Indians they are faring quite nicely.

Education, medicine and transportation have spread to the smallest villages. Tashkent, the biggest city of the region and the capital of Soviet Uzbekistan, has grown into a modern city with a sumptuous subway and impressive contemporary architecture.

In Bukhara, a leather-skinned Uzbek elder with boots, baggy pants and a luxuriant mustache opens his canteen to reveal the myriad medals of a war hero.

"We Russians are brave," he declares to a visiting American, accompanied by approving nods from his mates. "If you build a rocket, we build a bigger one."

The image that takes shape is not that of an ancient Muslim civilization chafing under Soviet rule nor of a backward people embracing the fruits of Communism. It is rather a picture of a people suspended between the traditions and religions of centuries on one side and an urban, industrial and secular world on the other.

Yet with a population expanding at a rate three times faster than that of the rest of the Soviet Union, the Central Asians have stubbornly resisted leaving their region for the labor-starved areas of Europe and Siberia. In fact, they have resisted even moving to the cities.

In Tadzhikistan, for example, workers and technicians brought in from European Russia make up 12 percent of the total population, but account for more than 50 percent of the city dwellers.

"Tradition is a great brake," said Nur T. Tabaarov, the editor of Tadzhikistan's Soviet, the republic's main Tadzhik-language daily newspaper.

The average Tadzhik citizen, he said, sees no reason to leave his big house, his garden plot and his orchard. "Why should he go to the city and work? If there's work nearby, he'll do it. But he won't go into town."

Of 24,000 mosques in use before the 1917 Revolution, only about 300 remain in operation, most of them in back streets or on the outskirts of cities. One Islamic school was allowed to reopen after World War II, and later a theological institute opened in Tashkent. Together they have 130 students.

Yet ask any Central Asian, and he will probably say he is a Muslim, married by a mullah, and that he will have his funeral in a mosque.

"We believe that if someone is an Uzbek, then he is probably a believer," said Yusufkhon Shukri, the deputy chairman of the religious board for Central Asia and Kazakhstan, the governing body for most of Central Asia's Muslims.

"If he comes to the mosque once a year, we accept him as a believer." By that reckoning, the Soviet Union would rank as the fifth-largest Islamic nation in the world, with 45 million Muslims.



Muslims leaving a mosque outside Dushanbe, in Soviet Central Asia.

Usman Ali Aliyev, an inspector in Dushanbe's Council of Religious Affairs, the government agency that monitors religious practices, says he is an atheist. He asserts that youth are moving away from the faith.

Asked whether he was married by a mullah, Mr. Aliyev hesitates, then breaks into a smile. "Yes, of course," he says. "Why hide it?"

The apparent contradiction is one that the Soviet Union incorporates into its two official descriptions of the state of Islam within its borders. For domestic consumption there is the picture of a dying remnant of an ancient superstition. For the world outside, and especially the Muslim world, there is the image of a government scrupulously respecting Islamic tradition and practice.

The persecution of Islam in the first decades of Soviet rule has been replaced by a more subtle control exercised through four spiritual directorates, whose leaders travel to Muslim conferences the world over to preach the compatibility of Islam and Communism.

While supporting a limited number of Islamic scholars and leaders, the Soviet government has also placed strictures on religious education and practices. One sign of the government's vigilance is the constant attacks on unlicensed mullahs who wander the countryside, performing ceremonies.

The leader of Uzbekistan's Communist Party, Imamkhon B. Usmankhodzhaev, recently complained that these mullahs were "virtually out of control." An Uzbek newspaper reported the imprisonment of one for insisting on the rights of citizens under the guise of performing religious ceremonies.

In local politics Moscow has been less shy about baring its teeth. The Kremlin has always taken care to have Russian second secretaries behind indigenous first secretaries and to follow that rule in other key positions. But a crackdown on corruption in Uzbekistan has led Moscow to take firmer steps.

The crackdown over the past year followed a speech by Mr. Usmankhodzhaev in which he described a party leadership operating like the Chicago underworld, doing out plum jobs to relatives.

employment rate of nearly 13 percent. Mr. Poos said the job outlook could be improved by breaking down internal EC trade barriers and developing the European Monetary System. He said the presidency would seek to boost the EC's embryonic currency, the European Currency Unit.

Mr. Poos said the community deeply regretted trade tensions with the United States. It would be in no one's interest to resort to unilateral restrictions, he said.

Food for Asia and Africa
The European Commission announced Wednesday a new allocation of food aid valued at 68.5 million European Currency Units (\$52 million) for 11 African and Asian countries, including 222,000 tons of grain, 4,600 tons of butter oil, 4,200 tons of sugar, 18,900 tons of milk powder and 300 tons of vegetable oil. The Associated Press reported from Brussels.

Egypt will get the biggest allocation — 120,000 tons of grain, 2,000 tons of butter oil, 4,000 tons of sugar and 1,500 tons of milk powder.

Portugal Membership Vote
The Portuguese parliament prepared Wednesday to ratify the treaty of accession to the European Community at the end of a two-day debate. Reuters reported from Lisbon. The vote was expected to be overwhelmingly in favor.

Prime Minister Mario Soares, who started the drive for Portuguese entry eight years ago, signed the treaty in Lisbon on June 12, the day before his two-year coalition with the Social Democrats collapsed.

Parliament will be dissolved Friday to prepare the way for elections expected early in October.

Finance Minister Emlin Lopes cautioned that entry into the EC in January would just be a first step in Portugal's integration over the next 10 years and that the going would not be easy.

Treaty ratification is backed by the Socialists, Social Democrats and opposition Christian Democrats, who together hold 206 of the 250 seats in the present assembly. It is opposed by the Communists, Portugal's third largest party, who control 44 votes.

Greek Cypriots Accuse Denktash Of Sabotaging UN-Sponsored Talks

ATHENS — George Iacovu, the foreign minister of Cyprus, accused Turkish Cypriots on Wednesday of trying to wreck prospects for a resumption of talks to reunite Cyprus by raising objections to a United Nations plan.

Mr. Iacovu, who is with President Spyros Kyprianou on a visit to Greece, said the Greek Cypriots had accepted the plan in a spirit of compromise so that negotiations, which were suspended in January, could start again.

But the Turkish Cypriot leader, Rauf Denktash, "is using every kind of tactic to wreck resumption of the talks," Mr. Iacovu said. [United Press International quoted Mr. Iacovu as calling on the United States and other Western countries to urge Turkey and Mr. Denktash to resume UN-sponsored negotiations.]

"We are urging our friends to urge Turkey and Mr. Denktash to accept the document of the secretary-general as it stands," Mr. Iacovu said. Mr. Iacovu declined to give details of the UN proposals but said the Greek Cypriots had accepted them even though they did not satisfy all their demands.

Cyprus has been divided since 1974, when Turkey occupied the northern third of the island after a Greek-backed coup against the president, Archbishop Makarios.

Mr. Kyprianou and the Greek prime minister, Andreas Papandreu, on Tuesday ruled out a settlement as long as an estimated 17,000 Turkish troops remained in the north of the island, where the Turkish Cypriots have declared a breakaway state. The Turkish Republic of Northern Cyprus is recognized only by Turkey.

Mr. Iacovu said Mr. Kyprianou and one of his strongest critics, Glafkos Clerides, leader of the rightist Democratic Rally, held two meetings last week to discuss a common approach to the Cyprus issue.

Mr. Kyprianou was censured by the Cypriot parliament after the collapse of UN-sponsored talks with Mr. Denktash in New York in January, but he has rejected opposition pressure to resign.

The Turkish Cypriot republic, meanwhile, began work on forming a government following parliamentary elections June 23.

Dervis Eroglu, whose National Unity Party holds 24 of the 50

parliamentary seats, was named Tuesday as prime minister by Mr. Denktash, who was elected president in the June vote.

Mr. Eroglu said he hoped to form a coalition either with the center-right New Dawn Party, representing Turks who have settled in Cyprus, or the socialist Communist Liberation Party. He ruled out a link with the Republican Turkish Party, the second largest in parliament with 12 seats.

Turkish Court Orders Death Sentences for 10
The Associated Press

DIYARBAKIR, Turkey — A martial law court sentenced 10 Kurdish separatists to death and another to life imprisonment Wednesday, the Anatolian press agency reported.

The 11 Turkish citizens were convicted of belonging to an outlawed organization that seeks to establish a separate Marxist dictatorship in southeastern Turkey and were accused of terrorist activities that included several killings, the agency said.

Vatican Aide's Visit to Czechoslovakia Linked to Church's Drive in East Bloc

By Loren Jenkins

Washington Post Service

VATICAN CITY — The Vatican's secretary of state, Agostino Casaroli, wound up a delicate mission to Czechoslovakia this week that church sources said was part of a papal drive to restore the prestige and influence of the church in Eastern Europe.

Cardinal Casaroli refused to comment on his trip to commemorate the 1,000th anniversary of St. Methodius in the Moravian village of Velhrad.

But Vatican sources were privately effusive about the turnout Sunday. More than 100,000 persons were reported to have cheered Cardinal Casaroli and Pope John Paul II, who was not present.

Czechoslovak officials who addressed the gathering were booed. "Czechoslovakia has been particularly restrictive toward the church. The significance of Cardinal Casaroli's visit was underlined in a papal encyclical, 'The Apostles of the Slavs,' which hailed the historic role of the church in Eastern Europe."

The encyclical, the pope's fourth since assuming the papacy in 1978, was released to mark the anniversary of St. Methodius and his brother St. Cyril for their evangelical work among the Slavs.

Prague officials had denied the pope permission to attend the ceremonies in Velhrad.

Although written in the Vatican's usual cautious diplomatic wording, the encyclical elaborated

on the Polish pope's previous insistence that the church offers a unique, historic bridge between the politically divided European nations of the East and West.

Using the example of the Greek monks Cyril and Methodius, the pope indicated that similar work by the church offered probably the only chance for reuniting Europe.

"By exercising their own charisma, Cyril and Methodius made a decisive contribution to the building of Europe," the encyclical stated, "not only in Christian religious communion but also to its civil and cultural union."

"Not even today does there exist any other way of overcoming tensions and repairing the divisions and antagonisms both in Europe and the world, which threaten to cause a frightful destruction of lives and values. Being Christians in our day means being builders of communion in church and in society."

The encyclical, according to Vatican sources, codified the decisive, if subtle, shift in the Vatican's policy toward Eastern Europe that

has taken place since the pope, a Pole who frequently confronted his own nation's Communist leaders, was elevated.

Before that time, the Vatican's policy toward the East was based on passive resistance. That policy has shifted gradually under John Paul II, according to Vatican analysts, from simple acceptance of Communist political power in the East to cautious challenge of that power from a moral, religious standpoint.

This emphasizes the John Paul's contention that political systems, whether Communist or capitalist, are ultimately more transient than the historical role of Christianity in world civilization.

A Vatican analyst said: "Unlike his immediate predecessors, who seemed impressed by Communist political power in Eastern Europe, this pope believes it can be challenged and made to cede ground, so long as the challenges are not political but moral, dealing more with demands for individual rights and religious freedom than political liberty."

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EC Presidency Urges Drive on Unemployment

LUXEMBOURG — The European Community's new Luxembourg presidency called Wednesday for an investment drive to force down unemployment without boosting inflation.

On July 1 Luxembourg began a six-month term as holder of the EC presidency. Foreign Minister Jacques Poos of Luxembourg told the European Parliament that each percentage point increase in gross domestic product must create more jobs if the community is to achieve

substantial reductions in unemployment within a reasonable time. He advocated developing transport and telecommunications, more EC loans to small and medium-sized companies, and technological innovation and environmental protection projects.

Mr. Poos said employment would be Luxembourg's top priority during its presidency. He said prolonged joblessness among young people was crippling half a generation, and only a united community approach could dent its un-

employment rate of nearly 13 percent.

Mr. Poos said the job outlook could be improved by breaking down internal EC trade barriers and developing the European Monetary System. He said the presidency would seek to boost the EC's embryonic currency, the European Currency Unit.

Mr. Poos said the community deeply regretted trade tensions with the United States. It would be in no one's interest to resort to unilateral restrictions, he said.

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SCIENCE

'Postpolio Syndrome': Victims Stricken Again, 30 Years Later

By Joy Horowitz

IN the summer of 1955, when he was 6 years old, Gary West was struck with polio, which left him paralyzed from the neck down. Through painful rehabilitation, he regained the use of his left arm and both legs, and in high school in Houston he made the all-state tennis team and won awards for trumpet in an all-state band.

Though his right arm remained paralyzed, Mr. West eventually became a successful medical-supply salesman and an avid sportsman. He took up weight lifting and was able to leg press 500 pounds and lift 100 pounds with his left arm. Every evening, he and his wife would bicycle five miles. They also enjoyed sailing, skiing, scuba diving, tennis and golf on weekends.

Two years ago, Mr. West suddenly began experiencing extreme fatigue. He quit weight lifting. His left arm and his legs grew progressively weaker. Excruciating pain would make his knees buckle. Last spring he was hospitalized with chest pain, caused in part by what was found to be diminished lung capacity. His doctor suggested he might be suffering the aftereffects of polio.

Today, at 36, Mr. West has trouble raising his "good" arm to comb his hair. He has cut out all sports and his doctors have told him that exercising his right arm will only weaken it. His weekends now are reserved for resting. "I've always been very competitive," he says. "I've pushed and pushed. It's hard to retrain yourself and slow down. But I've got to learn how to live with that, how to be more normal."

All over the United States, survivors of polio are learning that some of the symptoms of the disease they struggled to overcome are returning.

Medical professionals have begun to refer to the condition as "postpolio syndrome" or "postpolio sequelae." The symptoms are extreme fatigue, muscle weakness,

debilitating joint pain, breathing difficulties and intolerance of cold. About a quarter of polio survivors are thought to suffer from the syndrome. There is no evidence to indicate that the condition could be fatal.

Most physicians practicing today, after 30 years of routine vaccination, have never treated a case of polio. When the postpolio syndrome began to attract attention five years ago, patients were often misdiagnosed. Many doctors attributed the loss of function to an accelerated aging process.

Among the experts looking into the postpolio syndrome, there is disagreement about diagnosis, treatment and prognosis. Some believe the late effects of polio can be minimized or even reversed by decreasing activity, using devices such as braces or wheelchairs, or following special exercise programs. In more severe cases, there is atrophy of damaged but useful muscles, and even of muscles previously unaffected; it is known as "progressive postpolio muscular atrophy."

Many of those who believed they were finished with polio are suddenly returning to crutches, canes or wheelchairs. Others, long weaned from iron lungs, need mechanical breathing devices at night. Still others can no longer perform simple tasks.

WHILE it remains unclear how widespread the late effects of polio are, a recent epidemiological study by researchers at the Mayo Clinic in Rochester, Minnesota, estimated that, of all survivors of paralytic polio in that city, 25 percent were experiencing one or more of the symptoms of postpolio syndrome. Dr. Mary Codd, the epidemiologist overseeing the study, cautioned that the figures might be inflated since clinical evaluations had yet to be completed to assess whether symptoms may be related to other causes.

Some evidence suggests that those with an increased risk of developing postpolio sequelae are those whose initial recovery seemed most dramatic. Dr. Lauro S. Halstead, associate professor in the department of rehabilitation at Baylor College of Medicine in Houston, asked more than 700 survivors to fill out a questionnaire. The answers indicated that increased risk seemed to be associated with having had a severe enough case to require hospitalization; having been 10 or older at the time of the acute infection; having paralytic involvement of all four limbs; and having used a ventilator or mechanical breathing aid.

At the National Institutes of Health in Bethesda, Maryland, research is under way aimed at understanding the mechanism that triggers new progressive muscle weakness in polio patients. Patients are tested neurologically, then muscle biopsies and analyses of blood and spinal fluid are taken to test the theory that late-onset problems might be related to some kind of abnormality of the immune system. They also are seeking to determine if the condition is related to

premature aging of nerve cells. NIH scientists have ruled out a connection between progressive postpolio muscular atrophy and amyotrophic lateral sclerosis, the fatal neurological condition also known as Lou Gehrig's disease, which attacks every muscle in the body. Though symptoms of the diseases mimic each other, the former is not fatal and develops slowly over many years while the latter usually progresses rapidly.

Dr. Marinos C. Dalakas, a neu-

rologist, said preliminary investigations had yielded only puzzling clues about cells that help or suppress production of antibodies in the immune system. In a sample of 20 patients, he said, some have a high number of suppressor cells and others have a high number of helper cells. "There is a slight immunological abnormality," he said, "but we don't understand what it means."

FEWER than 2 percent of those infected with polio develop the severe form that causes paralysis. Though the virus invades motor neurons or nerve cells in the anterior horn — the front part of the spinal cord that controls motor functions — not all nerve cells are destroyed. Experts theorize that the remaining anterior-horn cells, therefore, overwork to maintain movement in an affected muscle.

When anterior-horn cells die, neighboring healthy motor neurons take over by sprouting extra nerve fibers. Some researchers suspect that when nerve cells become responsible for a greater than normal percentage of muscle function, the increased metabolic demands may cause these extra fibers to fail after several decades. The strain creates blocked nerve impulses at the junction of nerve and muscle, resulting in the weakness of postpolio patients.

In healthy individuals, muscles reach their peak strength at age 25, after which the attrition rate for motor neurons is gradual. In postpolio patients, who have a smaller population of motor neurons to begin with, the attrition seems to become obvious earlier.

Some doctors suggest that the reason for postpolio syndrome is chronic overuse of undamaged muscles that are compensating for weak ones. Physicians at Rancho Los Amigos Medical Center, one of the handful of remaining polio centers in the United States, in the Los Angeles suburb of Downey, say the late effects of polio might well be called "overachievers' syndrome."

"These people just push themselves more than most of us," said Dr. Jacquelin Perry, chief of pathokinology at Rancho Los Amigos and professor of orthopedic surgery at the University of Southern California Medical School. "They've put up with signs of strain to live a normal life. . . . Now the strain has accumulated, and tissues are aging prematurely."

At 67, Dr. Perry has been seeing polio patients since the days of the epidemics. She believes part of the reason postpolio syndrome has caught so many doctors by surprise is that, for decades, they have over-

estimated muscle strength in the "unaffected" limbs of polio patients. "Everybody thought these people were better than they were," she said. "No one in practice today would know that, except a few people in my era."

There is no specific treatment for postpolio syndrome. Each case is different. Perhaps one of the most controversial issues is the role of exercise. Most doctors recommend avoiding exercise that causes exhaustion. Others encourage conditioning exercises.

Physicians at Rancho Los Amigos believe the key to treatment is in finding ways to decrease strain, including strenuous exercise, and avoiding chronic fatigue. With rest and adequate support of weakened muscles, the dilemma is: "Do anything that doesn't hurt."

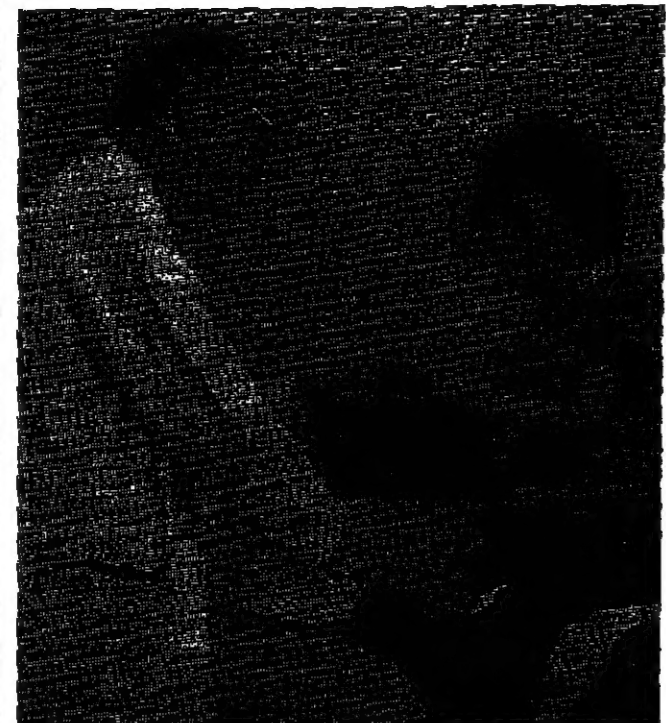
On the other hand, Dr. Richard Owen, medical director of the Sister Kenny Institute in Minneapolis, believes the fatigue and weakness can often be traced to an increasingly sedentary life. In 1982, Dr. Owen opened a postpolio clinic at the institute and put more than 200 patients on cardiopulmonary conditioning programs. Swimming, stretching and pool aerobics are prescribed for 20 minutes, three times a week.

"What's subsided most in these patients is a sense of fatigue and a sense of pain," Dr. Owen said. A polio survivor himself, he developed a progressive weakness in his legs in 1970, 30 years after his polio. He attributes that weakness to his putting on weight and not exercising. After taking up wheelchair basketball, he said, his "sense of well-being has substantially improved."

DIAGNOSIS of polio's late effects is difficult. Other disorders with similar symptoms — arthritis, disc disease, diabetes — must be ruled out. Experts believe the picture is further clouded by misdiagnosis of the original polio.

Gordon Henley, 61, who had to retire from his insurance business last year because of chronic back pain caused by postpolio symptoms, said: "I'm getting discouraged. I've been sitting here for three months and am not getting better. I think I just wore everything out overdoing it. When I'm real down, I remember my grandfather's revolver is in the safety-deposit box, just in case. This is a big adjustment. But I did it before, so I guess I can do it again."

Joy Horowitz is a free-lance writer living in California. This article is excerpted from *The New York Times Magazine*.



Dr. Lauro S. Halstead and a postpolio-syndrome patient, Jane Burkhead, at Baylor College of Medicine in Houston.

Large Pre-Inca City Reported

United Press International
LIMA — A leading archaeologist has supported a report of what appears to be a large pre-Inca city in the Peruvian jungle.

Federico Kauffmann, head of the Amazonian Archaeological Institute, and the American explorer who announced the find, Gene Savoy, said the city could date as far back as A.D. 1000.

Mr. Kauffmann said Monday that he led an expedition near the site in 1974 and spotted large, fortified towers, which Savoy described in his announcement Friday. Mr. Kauffmann said there had been relatively little exploration in the inhospitable region between the Ma-

rañón and Utcubamba rivers, about 400 miles (650 kilometers) northeast of Lima.

Mr. Savoy said the site, which he named Gran Vilaya, consisted of well-preserved circular buildings on platforms, some resembling terraced pyramids, and long buildings measuring up to 140 feet (42.5 meters). He said the city covered 120 square miles.

In 1964-1965 Mr. Savoy found the pre-Inca settlement of Gran Pajalea, the subject of scholarly debate earlier this year after a University of Colorado team implied that it had rediscovered what other experts called a relatively well-known site.

IN BRIEF

Progress Against Parkinson's Disease

ATLANTA (WP) — Scientists at Emory University have succeeded for the first time in reversing Parkinson's disease symptoms in higher animals by implanting cells from monkey fetuses into the brains of afflicted monkeys.

"We're not calling the transplant procedure a cure," cautioned Dr. Frederick A. King, director of Emory's Yerkes Regional Primate Research Center. Even if future studies prove successful, it would be years before such a procedure could be contemplated for human Parkinson's victims. Implants previously have reversed the onslaught of Parkinson's in rats.

The cause of the progressive disease, which produces tremors, stiffness and slowness of movement, is unknown, but the level of a key brain chemical called dopamine is sharply reduced in Parkinson's victims. An Emory neurosurgeon, Roy A. E. Bakay, took dopamine-producing cells from 35- and 37-day-old rhesus monkey fetuses and implanted them in the brains of adult monkeys in which a condition mimicking Parkinson's disease had been induced.

Pathologic Laughing, Weeping Eased

BOSTON (NYT) — Researchers from the University of Rochester (New York) Medical Center, using low doses of the anti-depressant drug amitriptyline, report some success in controlling what is called pathologic laughing and weeping, an uncontrollable side effect of multiple sclerosis, strokes, brain injury and some other diseases.

Of 12 patients in the study, eight showed improvement in 48 hours and seven of them had "dramatic" improvement, according to researchers from the university's departments of psychology and neurology and the Center for Brain Research.

Each of the four patients with uncontrolled laughing responded to the amitriptyline, while four of the eight who wept uncontrollably did not, the researchers, led by Dr. Randolph B. Schiffer, reported in the *New England Journal of Medicine*.

'Major Gap' in Fossil Record Filled

STEPHENVILLE, Texas (AP) — The 100 million-year-old remains of dinosaur-like creatures, including fossils of an age from which few remains have been found, have been uncovered on a prehistoric flood plain by students and geologists from Tarleton State University and Southern Methodist University.

The team, mostly students, uncovered six dinosaur skeletons. The geologists said substantial remains might still be buried. "This finding fills in a major gap in the record and gives us a more complete picture of the workings of these animals in their environment," said Louis Jacobs of the Shuler Museum of Paleontology at SMU.

Test for Vitamin Lack Is Developed

BOSTON (AP) — A test can reveal an inherited vitamin deficiency in newborns that may cause mental retardation if not treated quickly, doctors from at the Medical College of Virginia report in the *New England Journal of Medicine*.

Victims of the disease do not produce an enzyme that allows their bodies to recycle the vitamin biotin. The resulting symptoms are so subtle that they sometimes are not noticed until permanent brain damage has occurred.

The Virginia doctors who developed the test, led by Dr. Barry Wolf, said the condition may strike one in every 40,000 babies. The biotinase deficiency test can be performed inexpensively and with the same blood sample taken to check newborns for other diseases, the doctors said.

Gallstones Less Likely in Vegetarians

LONDON (AP) — Vegetarian women are about two times less likely than other women to develop gallstones, according to results of what researchers at Oxford University described as the largest study of gallstones ever undertaken.

The researchers said the two-year study also showed that gallstones were more common among women who were overweight or had a family history of the condition, and that the risk increased with age.

Because gallstones are twice as prevalent among women as men and the condition usually strikes in middle age, the study was confined to middle-aged women.

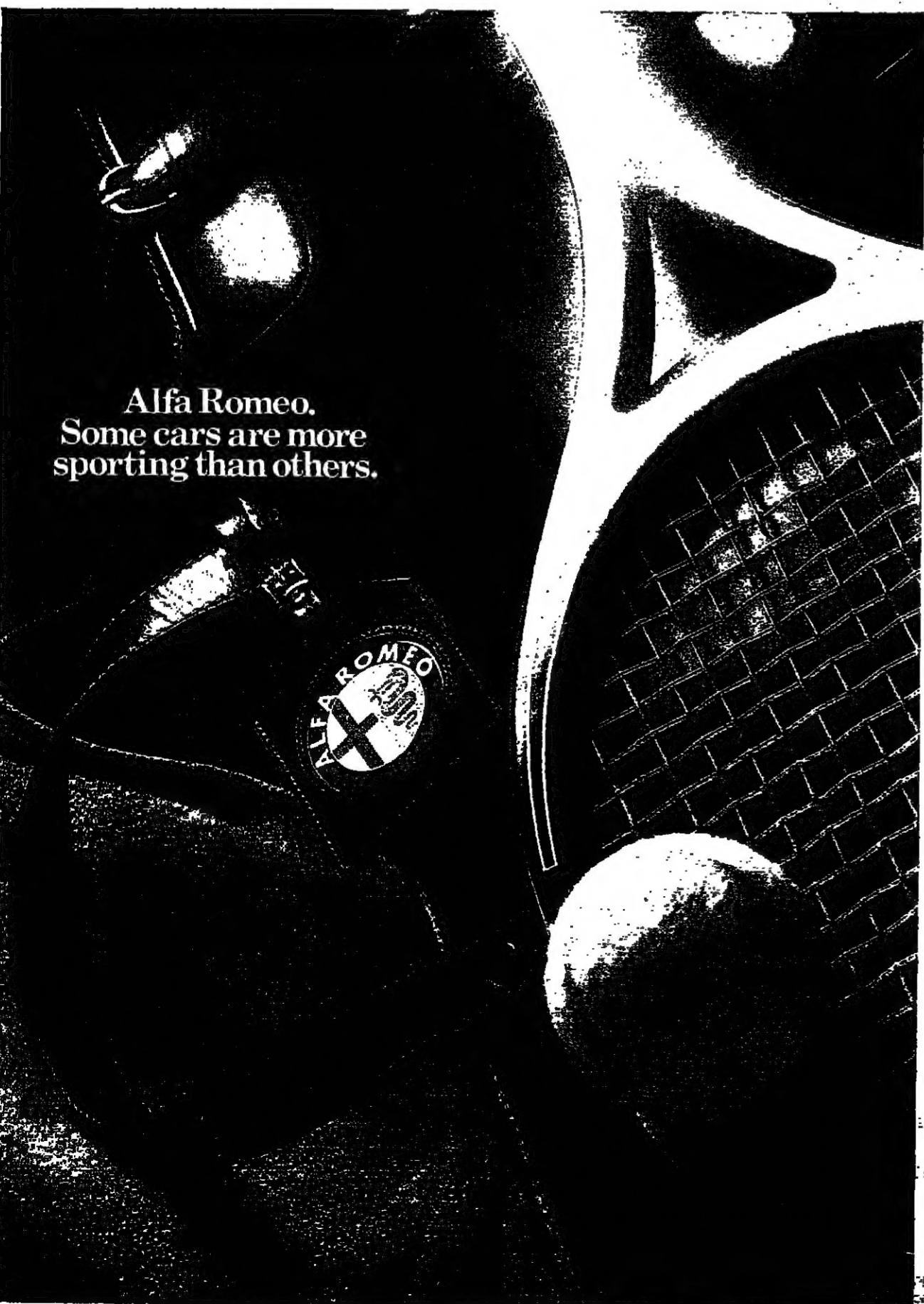
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Alfa Romeo

One giant step



A great hurdler knows the challenge of the event: a 400 meter circuit with 10 barriers, where one missed step can mean defeat. Similarly, in the IAAF Mobil Grand Prix, there are 16 challenges—16 international meetings pitting the best athletes in the world against one another.

The competition, sponsored by Mobil and organised by the International Amateur Athletic Federation, kicked off 25 May in San Jose, California, and culminates with the Finals in Rome on 7 September. Coming up are the Nikia in Nice on 16 July and the Peugeot-Talbot Games in London on 19 July.

Grand Prix points are awarded to athletes on the basis of their performances and times. World records gain extra points. Overall Grand Prix awards will be made to the outstanding male and female athletes and to the outstanding performers in each event.

With 10 meets to go, endurance counts, for there are hurdles ahead—and 10 chances to take a giant step to the front.



From Europe		100m	200m	400m	800m	1500m	5000m	10000m	20000m	30000m	40000m	50000m	60000m	70000m	80000m	90000m	100000m
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667	668	669	670	671	672	673	674	675	676	677	678	679	680	681	682	683	684
685	686	687	688	689	690	691	692	693	694	695	696	697	698				

NYSE Most Actives				
Vol.	High	Low	Last	Chg.
TWA	181.12	180.75	180.75	+1/2
Amstar	171.12	170.75	170.75	+1/2
Amstar	171.12	170.75	170.75	+1/2
Amstar	171.12	170.75	170.75	+1/2
Amstar	171.12	170.75	170.75	+1/2
Amstar	171.12	170.75	170.75	+1/2
Amstar	171.12	170.75	170.75	+1/2
Amstar	171.12	170.75	170.75	+1/2
Amstar	171.12	170.75	170.75	+1/2
Amstar	171.12	170.75	170.75	+1/2

Dow Jones Averages				
Vol.	High	Low	Last	Chg.
NYSE	1,377.84	1,377.84	1,377.84	+1.00
NYSE	1,377.84	1,377.84	1,377.84	+1.00
NYSE	1,377.84	1,377.84	1,377.84	+1.00
NYSE	1,377.84	1,377.84	1,377.84	+1.00
NYSE	1,377.84	1,377.84	1,377.84	+1.00

NYSE Index				
Vol.	High	Low	Last	Chg.
NYSE	1,377.84	1,377.84	1,377.84	+1.00
NYSE	1,377.84	1,377.84	1,377.84	+1.00
NYSE	1,377.84	1,377.84	1,377.84	+1.00
NYSE	1,377.84	1,377.84	1,377.84	+1.00
NYSE	1,377.84	1,377.84	1,377.84	+1.00

NYSE Diaries				
Vol.	High	Low	Last	Chg.
NYSE	1,377.84	1,377.84	1,377.84	+1.00
NYSE	1,377.84	1,377.84	1,377.84	+1.00
NYSE	1,377.84	1,377.84	1,377.84	+1.00
NYSE	1,377.84	1,377.84	1,377.84	+1.00
NYSE	1,377.84	1,377.84	1,377.84	+1.00

AMEX Most Actives				
Vol.	High	Low	Last	Chg.
AMEX	1,377.84	1,377.84	1,377.84	+1.00
AMEX	1,377.84	1,377.84	1,377.84	+1.00
AMEX	1,377.84	1,377.84	1,377.84	+1.00
AMEX	1,377.84	1,377.84	1,377.84	+1.00
AMEX	1,377.84	1,377.84	1,377.84	+1.00

NASDAQ Index				
Vol.	High	Low	Last	Chg.
NASDAQ	1,377.84	1,377.84	1,377.84	+1.00
NASDAQ	1,377.84	1,377.84	1,377.84	+1.00
NASDAQ	1,377.84	1,377.84	1,377.84	+1.00
NASDAQ	1,377.84	1,377.84	1,377.84	+1.00
NASDAQ	1,377.84	1,377.84	1,377.84	+1.00

AMEX Stock Index				
Vol.	High	Low	Last	Chg.
AMEX	1,377.84	1,377.84	1,377.84	+1.00
AMEX	1,377.84	1,377.84	1,377.84	+1.00
AMEX	1,377.84	1,377.84	1,377.84	+1.00
AMEX	1,377.84	1,377.84	1,377.84	+1.00
AMEX	1,377.84	1,377.84	1,377.84	+1.00

Dow Jones Bond Averages				
Vol.	High	Low	Last	Chg.
DJB	1,377.84	1,377.84	1,377.84	+1.00
DJB	1,377.84	1,377.84	1,377.84	+1.00
DJB	1,377.84	1,377.84	1,377.84	+1.00
DJB	1,377.84	1,377.84	1,377.84	+1.00
DJB	1,377.84	1,377.84	1,377.84	+1.00

N.Y. Stock Prices Turn Upward

The Associated Press

NEW YORK — The stock market turned upward Wednesday, apparently pulling out of the slump of the past two sessions.

The Dow Jones average of 30 industrials, which had fallen 12.54 points Monday and Tuesday, had risen 5.93 to 1,377.84 an hour before the close. Gainers held a 4-3 lead over losers.

Analysts said recent declines of the dollar in foreign exchange have raised expectations of some revival in the manufacturing sector of the U.S. economy. The dollar's strength has subjected many U.S. manufacturers to intensified competition from imports and, at the same time, made their goods relatively expensive in overseas markets.

A lower dollar also would stand to enhance the profits of U.S. companies that do a large business in other countries.

Among the leading multinational issues, Coca-Cola rose 1/2 to 71 1/4 on rumors that it would bring back its original formula of soft drink. Merck rose 1/4 to 115 1/4, and Pfizer 1/4 to 30 1/4.

Brokers said there were hopes for signs of new progress toward agreement on a government budget plan. Conferees from the House and Senate, who are trying to reach a compromise on a budget plan, were reported to have agreed

Coke Bringing It Back

Reuters

ATLANTA — Coca-Cola Co., ending weeks of speculation, said Wednesday that it will resume marketing its original brand Coca-Cola under the new brand name Coca-Cola Classic, effective Thursday.

The company said it decided to reissue its original formula because "thousands of dedicated Coca-Cola consumers have told us they still want the original taste as an option."

Coca-Cola's decision to reformulate the world's largest soft drink after 99 years startled the beverage industry, and, according to some reports, rankled local customers.

But analysts said initial reaction to the new formula was favorable, on balance, with the beverage giant reporting an 8-percent rise in sales in May, the first full month after the reformulation.

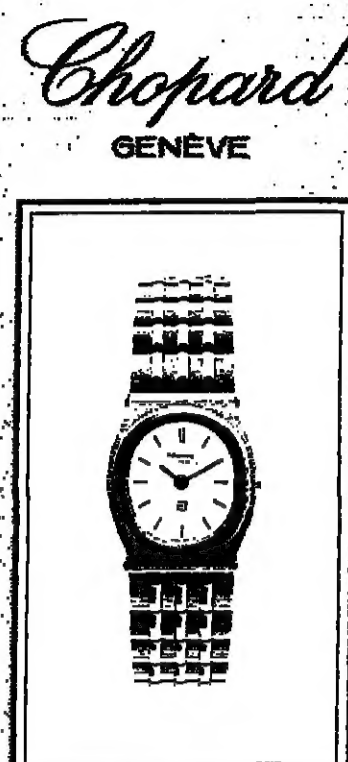
It said Classic will be available in some markets within several weeks.

It said introduction of Coca-Cola Classic will not affect plans for its new flagship brand Coke. It said the international roll-out of the new formula will continue this fall, adding that the original formula also will be made available to bottlers internationally.

It said Coca-Cola Classic will be an addition to its range of products that include its new Coca-Cola brand, which it introduced in April, Diet Coke, Cherry Coke and caffeine-free Coke.

with President Ronald Reagan on a "framework" for their negotiations.

Standard & Poor's Index				
Vol.	High	Low	Last	Chg.
S&P	1,377.84	1,377.84	1,377.84	+1.00
S&P	1,377.84	1,377.84	1,377.84	+1.00
S&P	1,377.84	1,377.84	1,377.84	+1.00
S&P	1,377.84	1,377.84	1,377.84	+1.00
S&P	1,377.84	1,377.84	1,377.84	+1.00



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NYSE Most Actives				
Vol.	High	Low	Last	Chg.
TWA	181.12	180.75	180.75	+1/2
Amstar	171.12	170.75	170.75	+1/2
Amstar	171.12	170.75	170.75	+1/2
Amstar	171.12	170.75	170.75	+1/2
Amstar	171.12	170.75	170.75	+1/2
Amstar	171.12	170.75	170.75	+1/2
Amstar	171.12	170.75	170.75	+1/2
Amstar	171.12	170.75	170.75	+1/2
Amstar	171.12	170.75	170.75	+1/2
Amstar	171.12	170.75	170.75	+1/2

Dow Jones Averages				
Vol.	High	Low	Last	Chg.
NYSE	1,377.84	1,377.84	1,377.84	+1.00
NYSE	1,377.84	1,377.84	1,377.84	+1.00
NYSE	1,377.84	1,377.84	1,377.84	+1.00
NYSE	1,377.84	1,377.84	1,377.84	+1.00
NYSE	1,377.84	1,377.84	1,377.84	+1.00

NYSE Index				
Vol.	High	Low	Last	Chg.
NYSE	1,377.84	1,377.84	1,377.84	+1.00
NYSE	1,377.84	1,377.84	1,377.84	+1.00
NYSE	1,377.84	1,377.84	1,377.84	+1.00
NYSE	1,377.84	1,377.84	1,377.84	+1.00
NYSE	1,377.84	1,377.84	1,377.84	+1.00

AMEX Most Actives				
Vol.	High	Low	Last	Chg.
AMEX	1,377.84	1,377.84	1,377.84	+1.00
AMEX	1,377.84	1,377.84	1,377.84	+1.00
AMEX	1,377.84	1,377.84	1,377.84	+1.00
AMEX	1,377.84	1,377.84	1,377.84	+1.00
AMEX	1,377.84	1,377.84	1,377.84	+1.00

NASDAQ Index				
Vol.	High	Low	Last	Chg.
NASDAQ	1,377.84	1,377.84	1,377.84	+1.00
NASDAQ	1,377.84	1,377.84	1,377.84	+1.00
NASDAQ	1,377.84	1,377.84	1,377.84	+1.00
NASDAQ	1,377.84	1,377.84	1,377.84	+1.00
NASDAQ	1,377.84	1,377.84	1,377.84	+1.00

(Continued on Page 10)

BUSINESS ROUNDUP

Major Restructuring Set By Diamond Shamrock

The Associated Press
DALLAS — Diamond Shamrock Corp., the Dallas-based domestic integrated oil and gas company, announced Wednesday a four-part major restructuring that, officials say, will improve the company's earnings.

William H. Bricker, chairman and chief executive officer, made the announcement at a meeting with stock analysts in New York. The company said in a statement released in Dallas that it will increase its dividend, repurchase up to \$200 million of its stock and create a master limited partnership, in which it will sell 12 percent of its new company.

It also said it will write down assets valued at \$810 million in the second quarter of 1985, with the bulk of that reflected in a charge of \$600 million on the company's Indonesian oil and gas properties.

The company said its offshore oil and gas operations in the Gulf of Mexico will be placed in Diamond Shamrock Offshore Partners Ltd., a master limited partnership with about 12 percent of the partnership units offered in an underwritten public offering expected to be completed about Sept. 1.

Proceeds from the offering will be invested in the partnership's exploration and development programs, the company said.

Diamond Shamrock said it is adjusting its annual dividend of \$1.76 to one that, the company said, is of greater value but will result in less cash for the shareholders.

Beginning with the dividend scheduled for payment on Dec. 9,

the company plans to pay a quarterly dividend of 25 cents cash and 22.5 cents worth of its offshore partners unit. That would result in a cash dividend reduction to \$1.10, but the company says its full annual value actually would be increased to \$1.90.

Diamond Shamrock said all of its businesses have been facing "an environment of severe competition and disinflation. These pressures, especially falling energy prices, have reduced the market value of many of our assets."

It said the write-down will result in a one-time charge against earnings, which will be reflected in a loss for the second quarter and the year.

The company said it will buy back at least 7 million of its 125 million shares of stock outstanding, spending up to \$200 million during the next 18 months. The reduction in shares means an increase in dividends and increases the value of stock to the shareholders, according to the prepared statement.

The company spokeswoman, Ginger Shearburn, said the restructuring action was "just showing our long-term commitment to improving shareholders' value."

Last month the company's common stock fell to a 10-year low as several investment analysts predicted the company's dividend could be in jeopardy following a company report that had a poor earnings outlook.

Diamond Shamrock had earnings last year of \$242 million on sales of \$4.5 billion.

Hongkong Wharf Reports 7% Drop In Yearly Profit

HONG KONG — Hongkong Wharf & Godown Co. said Wednesday that its operating profit for the year ending March 31 slipped 7 percent from a year earlier, to 498.4 million Hong Kong dollars (\$64.2 million), from an annualized 536.3 million dollars in the previous 15 months.

Effective this year, the company has changed its reporting period from a calendar basis to a fiscal-year basis ending March 31, necessitating the statement of year-end earnings on an annualized basis.

The company also said that funds borrowed from banks to acquire Wheelock Marden & Co. will be repaid in about three years.

It said the acquisition of Wheelock, completed in June, cost about 2.5 billion dollars. It did not specify how much of this was in loans, but said the purchase was financed partly through internal resources.

Midland to Regain Aetna's Share In Merchant Bank

LONDON — Midland Bank PLC and Aetna Life & Casualty Co. are about to complete Midland's acquisition of Aetna's 40 percent stake in the merchant bank Samuel Montagu & Co., a Midland spokesman said Wednesday.

At the same time, Aetna will acquire Montagu's investment management division as part of an exchange arrangement that has been under discussion. Financial details are to be given in an official statement expected soon. Midland, which holds the other 60 percent of Montagu, sold the minority interest to Aetna three years ago.

Samuel Montagu last year bought a 29.9 percent stake in the British stockbrokers W. Greenwell & Co. to form a major securities firm when the London Stock Exchange introduces negotiated commission rates and new dealing systems next year.

Market sources said the combination of fund management and securities dealing would constitute one of the main conflict-of-interest problems in the new marketplace.

Earnings

Revenues and profits in millions are in local currencies unless otherwise indicated.

United States

Burlington Northern

2nd Qtr. 1985 1984
Revenue 1,041.1 1,012.0
Net Income 194.1 182.0
Per Share 1.94 1.84
1st Half 1985 1984
Revenue 2,082.2 2,024.0
Net Income 388.2 364.0
Per Share 3.88 3.64

CIT

2nd Qtr. 1985 1984
Revenue 1,041.1 1,012.0
Net Income 194.1 182.0
Per Share 1.94 1.84
1st Half 1985 1984
Revenue 2,082.2 2,024.0
Net Income 388.2 364.0
Per Share 3.88 3.64

First of America

2nd Qtr. 1985 1984
Revenue 1,041.1 1,012.0
Net Income 194.1 182.0
Per Share 1.94 1.84
1st Half 1985 1984
Revenue 2,082.2 2,024.0
Net Income 388.2 364.0
Per Share 3.88 3.64

First Tennessee Nat'l

2nd Qtr. 1985 1984
Revenue 1,041.1 1,012.0
Net Income 194.1 182.0
Per Share 1.94 1.84
1st Half 1985 1984
Revenue 2,082.2 2,024.0
Net Income 388.2 364.0
Per Share 3.88 3.64

First Financial Group

2nd Qtr. 1985 1984
Revenue 1,041.1 1,012.0
Net Income 194.1 182.0
Per Share 1.94 1.84
1st Half 1985 1984
Revenue 2,082.2 2,024.0
Net Income 388.2 364.0
Per Share 3.88 3.64

MetLife

2nd Qtr. 1985 1984
Revenue 1,041.1 1,012.0
Net Income 194.1 182.0
Per Share 1.94 1.84
1st Half 1985 1984
Revenue 2,082.2 2,024.0
Net Income 388.2 364.0
Per Share 3.88 3.64

Old Kent Financial

2nd Qtr. 1985 1984
Revenue 1,041.1 1,012.0
Net Income 194.1 182.0
Per Share 1.94 1.84
1st Half 1985 1984
Revenue 2,082.2 2,024.0
Net Income 388.2 364.0
Per Share 3.88 3.64

Republic Bank

2nd Qtr. 1985 1984
Revenue 1,041.1 1,012.0
Net Income 194.1 182.0
Per Share 1.94 1.84
1st Half 1985 1984
Revenue 2,082.2 2,024.0
Net Income 388.2 364.0
Per Share 3.88 3.64

Riggs Nat'l

2nd Qtr. 1985 1984
Revenue 1,041.1 1,012.0
Net Income 194.1 182.0
Per Share 1.94 1.84
1st Half 1985 1984
Revenue 2,082.2 2,024.0
Net Income 388.2 364.0
Per Share 3.88 3.64

Wine Enterprises

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Per Share 1.94 1.84
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Gold Options (prices in \$/oz.)

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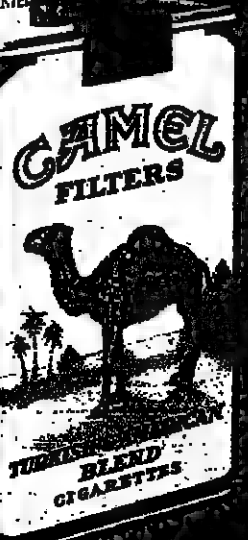
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NASDAQ National Market Prices

July 10

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